

State of Arizona  
Senate  
Forty-seventh Legislature  
First Regular Session  
2005

CHAPTER 258

**SENATE BILL 1375**

AN ACT

AMENDING TITLE 38, CHAPTER 5, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-844.10; PROVIDING FOR THE DELAYED REPEAL OF SECTION 38-844.10, AS ADDED BY THIS ACT; RELATING TO PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 38, chapter 5, article 4, Arizona Revised Statutes,  
3 is amended by adding section 38-844.10, to read:

4 38-844.10. Reverse deferred retirement option plan

5 A. A REVERSE DEFERRED RETIREMENT OPTION PLAN IS ESTABLISHED. THE  
6 PURPOSE OF THE REVERSE DEFERRED RETIREMENT OPTION PLAN IS TO ADD FLEXIBILITY  
7 TO THE SYSTEM AND TO PROVIDE MEMBERS WHO ELECT TO PARTICIPATE IN THE REVERSE  
8 DEFERRED RETIREMENT OPTION PLAN ACCESS TO A LUMP SUM BENEFIT IN ADDITION TO  
9 THEIR NORMAL MONTHLY RETIREMENT BENEFIT ON ACTUAL RETIREMENT.

10 B. THE FUND MANAGER SHALL OFFER THE REVERSE DEFERRED RETIREMENT OPTION  
11 PLAN TO MEMBERS ON A VOLUNTARY BASIS AS AN ALTERNATIVE METHOD OF BENEFIT  
12 ACCRUAL UNDER THE SYSTEM.

13 C. ANY MEMBER WHO IS ELIGIBLE FOR A NORMAL PENSION PURSUANT TO SECTION  
14 38-844, SUBSECTION A, WHO HAS NOT ELECTED TO PARTICIPATE IN THE DEFERRED  
15 RETIREMENT OPTION PLAN PURSUANT TO SECTION 38-844.03 AND WHO HAS AT LEAST  
16 TWENTY YEARS OF CREDITED SERVICE IS ELIGIBLE TO PARTICIPATE IN THE REVERSE  
17 DEFERRED RETIREMENT OPTION PLAN.

18 D. A MEMBER WHO ELECTS TO PARTICIPATE IN THE REVERSE DEFERRED  
19 RETIREMENT OPTION PLAN SHALL VOLUNTARILY AND IRREVOCABLY:

20 1. DESIGNATE A REVERSE DEFERRED RETIREMENT OPTION PLAN DATE THAT IS  
21 THE FIRST DAY OF THE CALENDAR MONTH IMMEDIATELY FOLLOWING A MEMBER'S  
22 COMPLETION OF TWENTY YEARS OF CREDITED SERVICE OR A DATE NOT MORE THAN SIXTY  
23 CONSECUTIVE MONTHS BEFORE THE DATE THE MEMBER ELECTS TO PARTICIPATE IN THE  
24 REVERSE DEFERRED RETIREMENT OPTION PLAN, WHICHEVER IS LATER.

25 2. AGREE TO TERMINATE EMPLOYMENT ON THE DATE THE MEMBER ELECTS TO  
26 PARTICIPATE IN THE REVERSE DEFERRED RETIREMENT OPTION PLAN.

27 3. RECEIVE BENEFITS FROM THE SYSTEM ON TERMINATION OF EMPLOYMENT AT  
28 THE SAME TIME AND IN THE SAME MANNER AS OTHERWISE PRESCRIBED IN THIS ARTICLE  
29 USING THE FACTORS OF CREDITED SERVICE AND AVERAGE MONTHLY BENEFIT  
30 COMPENSATION IN EFFECT ON THE REVERSE DEFERRED RETIREMENT OPTION PLAN DATE.

31 E. ON ELECTION, A REVERSE DEFERRED RETIREMENT OPTION PLAN  
32 PARTICIPATION ACCOUNT IS ESTABLISHED WITHIN THE SYSTEM ON BEHALF OF EACH  
33 REVERSE DEFERRED RETIREMENT OPTION PLAN PARTICIPANT. ALL BENEFITS ACCRUED  
34 PURSUANT TO THIS ARTICLE SHALL BE ACCOUNTED FOR IN THE REVERSE DEFERRED  
35 RETIREMENT OPTION PLAN PARTICIPATION ACCOUNT. A REVERSE DEFERRED RETIREMENT  
36 OPTION PLAN PARTICIPANT DOES NOT HAVE A CLAIM ON THE ASSETS OF THE SYSTEM  
37 WITH RESPECT TO THE MEMBER'S REVERSE DEFERRED RETIREMENT OPTION PLAN  
38 PARTICIPATION ACCOUNT AND ASSETS SHALL NOT BE SET ASIDE FOR ANY REVERSE  
39 DEFERRED RETIREMENT OPTION PLAN PARTICIPANT THAT ARE SEPARATE FROM ALL OTHER  
40 SYSTEM ASSETS.

41 F. ALL AMOUNTS CREDITED TO A MEMBER'S REVERSE DEFERRED RETIREMENT  
42 OPTION PLAN PARTICIPATION ACCOUNT ARE FULLY VESTED.

43 G. A MEMBER'S REVERSE DEFERRED RETIREMENT OPTION PLAN PARTICIPATION  
44 ACCOUNT SHALL BE CREDITED WITH THE FOLLOWING:

1           1. AN AMOUNT THAT IS CREDITED AS THOUGH ACCRUED MONTHLY FROM THE  
2 REVERSE DEFERRED RETIREMENT OPTION PLAN DATE TO THE DATE THE MEMBER ELECTED  
3 TO PARTICIPATE IN THE REVERSE DEFERRED RETIREMENT OPTION PLAN AND THAT IS  
4 COMPUTED IN THE SAME MANNER AS A NORMAL RETIREMENT BENEFIT USING THE FACTORS  
5 OF CREDITED SERVICE AND AVERAGE MONTHLY BENEFIT COMPENSATION IN EFFECT ON THE  
6 REVERSE DEFERRED RETIREMENT OPTION PLAN DATE.

7           2. AN AMOUNT THAT IS CREDITED AS THOUGH ACCRUED MONTHLY AND THAT  
8 REPRESENTS INTEREST AT A RATE EQUAL TO THREE AND ONE-HALF PER CENT.

9           H. EMPLOYEE AND EMPLOYER CONTRIBUTIONS PURSUANT TO SECTION 38-843 THAT  
10 ARE DEPOSITED DURING THE PERIOD OF THE REVERSE DEFERRED RETIREMENT OPTION  
11 PLAN ARE NOT ELIGIBLE TO BE REFUNDED TO THE EMPLOYER OR MEMBER.

12           I. THE PARTICIPANT IS NOT ENTITLED TO RECEIVE ANY AMOUNT PRESCRIBED BY  
13 SECTION 38-856 OR 38-857 DURING THE REVERSE DEFERRED RETIREMENT OPTION PLAN  
14 PARTICIPATION PERIOD.

15           J. THE FORM OF PAYMENT SHALL BE A LUMP SUM DISTRIBUTION. IF ALLOWED  
16 BY THE INTERNAL REVENUE SERVICE, THE PARTICIPANT MAY ELECT TO TRANSFER THE  
17 LUMP SUM DISTRIBUTION TO AN ELIGIBLE RETIREMENT PLAN OR INDIVIDUAL RETIREMENT  
18 ACCOUNT.

19           K. THE REVERSE DEFERRED RETIREMENT OPTION PLAN SHALL NOT JEOPARDIZE IN  
20 ANY WAY THE TAX QUALIFIED STATUS OF THE SYSTEM UNDER THE RULES OF THE  
21 INTERNAL REVENUE SERVICE. THE FUND MANAGER MAY ADOPT ADDITIONAL PROVISIONS  
22 TO THE EXTENT NECESSARY OR APPROPRIATE FOR THE REVERSE DEFERRED RETIREMENT  
23 OPTION PLAN TO COMPLY WITH APPLICABLE FEDERAL LAWS OR RULES.

24           Sec. 2. Delayed repeal

25           Section 38-844.10, Arizona Revised Statutes, as added by this act, is  
26 repealed from and after June 30, 2010.

APPROVED BY THE GOVERNOR MAY 4, 2005.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 4, 2005.

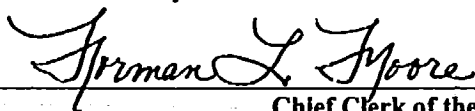
Passed the House April 14, 20 05,

by the following vote: 51 Ayes,

7 Nays, 2 Not Voting



Speaker of the House



Chief Clerk of the House

Passed the Senate March 10, 20 05,

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting



President of the Senate



Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR**

This Bill was received by the Governor this

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary to the Governor

Approved this \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of Arizona

S.B. 1375

**EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State

this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State

SENATE CONCURS IN HOUSE AMENDMENTS  
AND FINAL PASSAGE

Passed the Senate April 28, 20 05,

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

Klu Bennett

President of the Senate

Chaimin Bellinger

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

28th day of April, 20 05,

at 4:00 o'clock P. M.

Wendee Ibarra

Secretary to the Governor

Approved this 4 day of

May, 20 05,

at 2:55 o'clock P. M.

J. R. McEwen

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 4 day of May, 20 05,

at 4:19 o'clock P. M.

Janice K. Brewer

Secretary of State

S.B. 1375